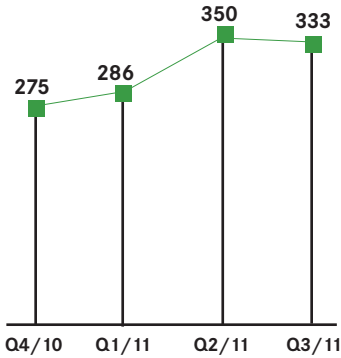


# Buyer Apathy, Depleted Inventory Stall Summer Home Sales

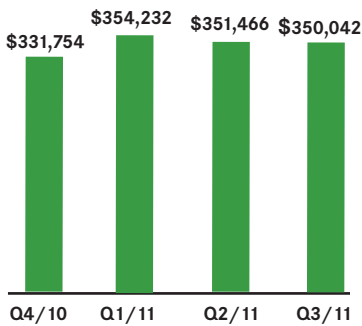
## Distressed Properties Continue to Set the Tone

THIRD QUARTER 2011

### Unit Sales



### Median Price\*\*



### NAPA COUNTY

A limited inventory of homes for sale and a general lack of motivation among homebuyers to act on a home purchase during what typically is the peak homebuying season combined to put the brakes on the Napa County existing home market in the third quarter of 2011, according to an analysis of MLS data by the research division of The Wine Country Group by Better Homes and Gardens Real Estate.

Countywide, 333 existing, single-family detached homes changed hands during the third quarter, down 5 percent from 350 homes sold in the second quarter and little-changed from 332 homes sold during the third quarter of 2010. Sales figures might have been more robust if not for a lack of housing inventory, which was down by 25-35 percent from a year ago in many communities and most price ranges. With fewer homes available for purchase, the average time a home was on the market before sale countywide plunged from 137 days in last year's third quarter to 93 days in this year's third quarter.

Investors with cash remained extremely active in the market but suffered from a fast-depleting supply of short sale and REO properties. More traditional homebuyers, meanwhile, retreated to the sidelines to wait for better economic news and/or a broader selection of for-sale properties that more closely matched their expectations with regard to size, style, amenities and price.

Home prices remained flat for the second consecutive quarter. Countywide, the median price of a home sold in Napa County during the third quarter was \$350,042, down only \$1,424 from the previous quarter but 16 percent below last year's median sales price of \$418,182. Nearly half of all homes sold in the third quarter involved

a short sale or bank-owned property – a trend that should continue as mortgage lenders continue their efforts to reduce the share of distressed properties in their portfolios.

The City of Napa led the county in sales of existing homes with 229 in the third quarter, down 3 percent from the 235 homes sold in the second quarter and up a slight 4 percent from 221 homes sold a year ago. The median sales price of homes sold in the City of Napa slipped by 2 percent to \$333,000 for the quarter and was down 10 percent from \$369,500 in the third quarter of 2010.

In American Canyon, the number of homes sold was slightly lower compared with both the second-quarter and year-ago periods. The median sales price improved on a quarterly basis, rising 14 percent to \$304,500, but was down 7 percent from \$327,750 a year ago.

Sales and prices in the higher-priced communities of the Up Valley area (Angwin, Calistoga, Deer Park, Rutherford, St. Helena and Yountville) were mixed, primarily due to a quarter-to-quarter variance in the size, type and price of homes sold. Calistoga and St. Helena led the way with 12 sales each, down significantly from the year-ago period. While these communities have fewer short sale and bank-owned properties than in the county's larger communities, the number of distressed sales is increasing.

Looking ahead, home sales and median prices are likely to vary from month to month and quarter to quarter as the Napa County home sales market responds to economic news and other factors, such as inventory. Without a substantial increase in inventory, traditional homebuyers can expect to continue to compete with investors offering cash.

### NAPA COUNTY YEAR-TO-YEAR MARKET COMPARISON

City	Homes Sold Q3/11	Homes Sold Q3/10	% Change	Avg DOM* Q3/11	Avg DOM* Q3/10	Change (days)	Median Price Q3/11	Median Price Q3/10	% Change
American Canyon	66	72	-8	79	63	16	\$304,500	\$327,750	-7
Angwin	5	3	67	129	66	63	\$475,000	\$425,000	12
Berryessa	0	0	0	0	0	0	0	0	0
Calistoga	12	17	-29	174	201	-27	\$462,500	\$760,000	-39
Circle Oaks	0	0	0	0	0	0	0	0	0
Deer Park	0	0	0	0	0	0	0	0	0
Gordon Valley	0	0	0	0	0	0	0	0	0
Napa	229	221	4	82	76	6	\$333,000	\$369,500	-10
Oakville	0	0	0	0	0	0	0	0	0
Pope Valley	4	0	100	45	0	0	\$160,000	0	0
Rutherford	0	0	0	0	0	0	0	0	0
St. Helena	12	16	-25	76	112	-36	\$735,000	\$997,750	-26
Yountville	5	3	67	13	301	-288	\$565,000	\$1,140,000	-50

\* Days on market is the number of days a property was listed on the market until it went under contract at its final listing price. This may not reflect previous listings.  
 \*\*The median home price for the entire county is the mean of median home prices of cities within Napa County.  
 Data are sourced from multiple listing services and are deemed reliable but not guaranteed.  
 All percentages rounded to nearest whole number.